

Texas Racing Commission

Legislative Appropriations Request – FY2012 – FY2013

Administrator's Statement

The Racing Commission consists of a nine member policy-making board. Seven members are appointed by the Governor with the advice and consent of the Senate to serve six-year terms, and two are ex officio members, the Chair of the Public Safety Commission and the Comptroller of Public Accounts.

| Commissioners | Term Expires | Hometown |
|----------------------------------|--------------------------------------|-----------------|
| Rolando Pablos, Chair | 10/03/2007 – 02/01/2013 | San Antonio |
| Robert Schmidt, M.D., Vice Chair | 11/16/2007 – 02/01/2011 | Fort Worth |
| G. Kent Carter, D.V.M. | 02/19/2004 – at pleasure of Governor | Caldwell |
| Ronald F. Ederer | 07/17/2007 – 02/01/2013 | Fair Oaks Ranch |
| Scott Haywood | 11/24/2009 – 02/01/2015 | Austin |
| Gloria Hicks | 11/09/2007 – 02/01/2011 | Corpus Christi |
| Vicki Weinberg | 04/08/2009 – 02/01/2015 | Colleyville |

Ex Officio Members

| | |
|---|--------|
| Thomas Clowe, Designee for Chair Public Safety Commission | Waco |
| Susan Combs, Comptroller of Public Accounts | Austin |

I. Overview

The Racing Commission continues to provide strict regulation of the racing industry in Texas. Texas currently has seven operational racetracks located throughout the state. These tracks host more than 2.1 million patrons for approximately 575 days of live racing of horses and greyhounds. The agency staff participates in the presentation and oversight of live racing throughout the year including regulation through veterinarian services staff, stewards and judges, and law enforcement investigators. While the industry is experiencing a decline, the agency continues to license more than 12,688 active racing participants. The agency also uses complex computer systems to monitor more than \$394 million dollars wagered at the tracks annually.

All agency regulatory efforts are made to protect the health, safety and welfare of every racing participant, including race animals, and to protect patrons from any illegal, dishonest, or corrupt activities that may occur. Racing is a complicated industry, with complex regulations to administer, as racing participants, stakeholders, and local communities seek the significant financial benefits available through the development of the industry.

II. Sunset Review and Recommendations to the 82nd Legislature

Though the LAR's FY 12-13 budget and measure projections are based on current law, it is important to note that the agency once again is undergoing Sunset review. A productive Sunset review process, which began in the summer of 2007, resulted in a number of Sunset recommendations to the 81st Legislature; however, the Commission was one of five agencies whose Sunset legislation failed passage. Governor Perry called a Special Session in July 2009 to continue the five agencies until 2011. The bill passed during the

Special Session limits the Sunset Commission's review to the appropriateness of recommendations to the 81st Legislature but authorizes the Sunset Commission to include any other recommendations it considers appropriate. And, concurrent with the substantive statutory changes inherent in a Sunset bill, are the associated costs of implementing those changes.

The Sunset Commission report concluded that the Commission is well-managed and is currently meeting its mission, but is increasingly challenged because the Racing Act has not kept pace with changes in the industry — specifically the decline in wagering and overall industry profits. According to the report, the significant decline has resulted in increasing limitations on the Commission's ability to oversee racetrack license holders, ensure adequate racing facilities, and respond to changes in wagering technology.

The Sunset Advisory Commission voted on its recommendations to the 81st Legislature in July 2008, and the majority of the recommendations did not have a significant fiscal impact to the agency with the exception of Recommendation 1.1. This recommendation would require TxRC to review all racetrack licenses no less than every five years and states that the Commission "should institute a staggered schedule that allows for an abbreviated, yet complete review..." However, because each racetrack license will have different substantive issues for review and will require different emphasis in analysis, an abbreviated review is not realistic. Consequently, the Commission is currently estimating that three additional FTEs and all associated costs would be needed in order to conduct the recommended review. Although the agency would incur costs, there would be no impact to the state's General Revenue Fund presuming the Commission institutes fees to racetracks to cover the review costs.

III. Significant External Challenges

The racing industry continues to be in a state of flux and the future is uncertain. The industry is subject to varying types of competition, ranging from the expansion of gaming and racing opportunities in neighboring states to unregulated sources of competition such as online gambling and unregulated racing. While the Sunset recommendations address some of these types of competition, such as prohibiting unlicensed entities that conduct online or phone wagering from accepting wagers placed by Texas citizens, it is not clear what the long-term effect will be on the Texas racing industry.

Due to the significant uncertainty, the Sunset Commission has recommended that the next Sunset review of the agency occur in six years instead of the standard 12 years. Recommendation 3.1 states that "this would allow the Legislature the opportunity to re-evaluate the Commission's role in regulating a declining industry at that time." It also states that "the Commission may need additional tools to again readjust to a further decline or a revived industry."

In the short-term, and as reflected in this LAR, the agency continues to allocate resources as efficiently as possible as well as work with racetracks to ensure that agency regulations are both fair and cost-effective.

IV. Significant Changes in Provision of Services

The agency constantly must rebalance its regulatory priorities to address the industry's decline and changing business plans. For example, on July 14, 2010, Manor Downs, the oldest pari-mutuel track in the state, notified the Commission of its intent to close. On July 25, 2010, Manor hosted its last day of simulcasting. With little notice, people lost their jobs. To wager legally, local fans now must travel some distance. Both the horse and greyhound industries have lost a source of revenue that funds purses. And to the best of its ability, staff has had to adjust this appropriations request to recast a best estimate at its future needs.

In an effort to stem the industry decline, tracks are proposing a considerable reduction in the race date calendar. By reducing race dates, the tracks anticipate an increase in daily prize money to become competitive with the money available in other states throughout the region. With additional prize money, the tracks expect to maximize the quality of racing participants. An improved product will increase the value of the simulcast signal of Texas tracks in other states. The tracks believe that all these factors together will help to limit further industry decline.

However, there are several inactive racetracks that could begin operation. Before any of these racetracks may open, the agency must review the plans, monitor the construction, and give final approval before the track may begin racing, training or wagering. Once a new racetrack begins simulcasting and live racing, the Commission will require up to an additional five FTEs to effectively regulate the wagering and racing.

With such uncertainty in the industry and the difficulty in predicting racing calendars, the Commission is again requesting appropriations authority through the riders described in the next section.

Additionally, it is no secret that the industry will pursue expanded gaming opportunities at tracks and the authorization of Advanced Deposit Wagering (ADW). ADW involves bets placed both through telephone-based interactive voice response systems and through the Internet. Using an ADW company, individuals set up accounts to wager using a credit or debit card. Expanded gaming at tracks and/or the authorization of ADW could mean significantly expanded racing calendars and increased interest in opening tracks which currently are not up and running. Any legislative action to authorize expanded gaming at tracks and/or ADW also would have significantly regulatory implications requiring additional staff at the agency and a modified salary structure for current staff.

V. Prioritized Exceptional Item Requests

All four of the exceptional items requested correspond to either new or existing riders that provide sufficient appropriation authority and flexibility for the Commission to meet a variety of regulatory scenarios based on industry changes - including the opening of new tracks, the reactivation of closed tracks, and the potential for additional race dates beyond those estimated for FY11-12. Below are the prioritized items and their descriptions:

- 1. Greyhound Live Performances Beyond Base Estimates Rider.** This request would give the agency sufficient appropriation authority and FTEs to staff and regulate live greyhound performances granted, if any, beyond the estimated live performances included within the base appropriation authority and the inactive greyhound racetrack rider.

2. Horse Live Race Days Beyond Base Estimates Rider. This request would give the agency sufficient appropriation authority and FTEs to staff and regulate live horse race days granted, if any, beyond the estimated live horse race days included within the base appropriation authority and the new horse racetracks rider.

3. Live and Simulcast Race Calendar Estimates. This request would establish the live and simulcast race day estimates in each fiscal year of the biennium for the base appropriation authority to staff and regulate three greyhound racetracks conducting 328 performances of live racing and 937 days of simulcast racing, and four horse racetracks conducting 223 days of live racing and 1,295 days of simulcast racing in each fiscal year of the 2012-13 biennium.

4. Criminal History and Background Checks. For 14 years (since 1996), DPS has invoiced the agency for processing fingerprints for renewal applicants at a rate of \$15. This methodology has been the basis for the agency's appropriations request each biennium (\$50,000 in FY2010-11). However, DPS has recently begun invoicing the agency for all applicants' fingerprints processed, both renewal and new, at a rate of \$34.95, \$15 for DPS processing and \$19.95 for FBI processing.

VI. Supplemental Schedule - 10% Biennial Base Reduction Options

Listed below is a summary of the biennial base reduction options. It is important to note that more than half of the Racing Commission's appropriation is statutorily dedicated pass-through revenue to the Texas-Bred Incentive Program administered by the state's breed registries. Of the Commission's remaining portion of the operating budget appropriation, over 80 percent is devoted to staff salaries. In order to comply with the reduction options requirement, the Commission proposes the following reductions to both the pass-through revenue and to agency staff:

1. Texas Bred Incentive Program. The schedule reflects a \$1 million biennial reduction in appropriation authority for the Texas-Bred Incentive Program. The money for this strategy is generated by wagers at Texas racetracks and is passed through the Commission to the official breed registries, which in turn pay out awards to Texas owners and breeders of race animals.

2. License/Regulate Racetracks. The schedule reflects a reduction of 1 FTE in support staff and approximately \$76,800 for the biennium.

3. Supervision and Conduct of Live Races. The schedule reflects a reduction of 1 FTE and approximately \$114,479 for the biennium. This reduction in staff is comprised of 1 State Judge position located at greyhound racetracks.

4. Occupational Licensing. The schedule reflects a reduction of 1 FTE and \$67,034 for the biennium. This reduction will reduce the licensing technicians at two racetracks by .5 FTE.

5. Monitor Wagering and Audit. The schedule reflects a reduction of 3 FTEs and \$244,714 for the biennium. This reduction in workforce will not affect the agency's service population, however, it will affect the agency's ability to have an auditor onsite to oversee the pari-mutuel wagering at the racetracks.

6. Information Resources. The schedule reflects a reduction of 1.5 FTEs and \$170,927 for the biennium. This reduction in workforce will not affect the agency's service population, however, it will affect the agency's response to information resource questions and programming for the agency's technology needs.

VII. Changes to Exempt Positions

In its August 2008 Classification Study of Exempt Employees, the State Auditor's Office recommended reclassification of the Executive Director position from Group 2 to Group 3 in the Schedule of Exempt Positions. The report recommended further the following salary ranges: base between \$92,600 and \$106,500; market competitive between \$106,500 and \$125,000; and performance between \$125,000 and \$145,600. Such a reclassification would properly align the Executive Director's salary with the responsibilities of overseeing the compliance and regulation of a large and complex industry.

VIII. Background Checks: Statutory Authority and Agency Rules and Procedures

Statute and Rules:

The Commission has statutory authority to conduct background checks from two sources:

- 1) Government Code, Sec. 411.96 – authorizes the Commission to obtain from DPS criminal history record information that pertains to persons appointed to the Commission, applicants for employment by the commission, and applicants for a license under the Texas Racing Act.
- 2) Texas Racing Act, Sec. 5.04 – authorizes the Commission to obtain any criminal history record information maintained by DPS or the FBI that relates to each applicant for employment by the Commission and to each applicant for a license issued. Authorizes the Commission to refuse to recommend an applicant who fails to provide a complete set of fingerprints.

The Texas Rules of Racing are codified in Title 16, Part 8 of the Texas Administrative Code and require background checks on both applicants for a racetrack license (Sec. 309.4) and applicants for an occupational license (Sec. 311.3). Both sections require that: 1) a licensure applicant must submit with the application documents a set of fingerprints in a form prescribed by DPS; 2) not later than 10 days after TxCRC staff takes the fingerprints, the fingerprints must be forwarded to DPS; and 3) TxCRC must obtain a criminal history record from DPS for each individual who submits fingerprints.

Agency Process

To obtain a license, each applicant must complete a basic application, submit fingerprints for a criminal history background check, and pay a licensing fee. The agency sends all fingerprints electronically to DPS for processing. DPS electronically forwards the fingerprints to the FBI for processing. The Commission's transition to electronic fingerprinting has shortened the amount of time it takes to receive criminal history information from DPS and the FBI.

Currently, Commission staff re-fingerprints each occupational licensee and obtain a new FBI background check at the three-year renewal mark. Between renewal periods, TxCRC

investigators rely on updates from DPS which alert the Commission if a licensee is arrested in Texas.

The process that the Commission currently uses may require substantial change in the near future. Recently, DPS has altered the amount for which it is invoicing the agency. In the past, DPS invoiced the agency for DPS checks of license renewal applicants. Now, DPS is invoicing the agency for all DPS and FBI new license applicants and applicants for license renewal. This change results in significant additional costs. In fact, the agency projects background costs to increase from \$25,000 per year to \$292,331 per year.

At this time, an increase in fees would be a burdensome regulatory cost to an industry in decline. Based upon a Sunset recommendation, in December 2008, the Commission changed the agency rule regarding the time frame for submission of fingerprints from every 5 years to every 3 years. This rule change, along with the installation of electronic fingerprint systems at the race tracks, allows for more up-to-date information on licensees during the renewal process. It also means the Commission can deny the licenses of potentially dangerous applicants in a much shorter time frame. This more frequent background check process has been beneficial to both agencies' efforts to protect the public's safety. Considering the new costs, the Commission may return to the five-year fingerprint renewal rule.

IX. Method of Finance

Throughout its history, the Commission typically has not received general revenue; rather it normally is entirely funded by the regulated industry and dedicated portions of wagers. In 2009, however, the Commission documented that fluctuations in cash flow caused by industry events and a statutory change that affected the timing of revenue collection throughout that particular year created need for a cash base in the dedicated account. Through the supplemental appropriations bill of the 81st Legislature, the agency received General Revenue Funding of \$348,525. Through the legislative appropriations process, the Commission received \$1.5 million in General Revenue Funding for the FY 2010-2011 biennium. This relief, which assisted the agency in regulating a declining industry, was obtained through a rider in the agency's appropriations.

Still, the Commission is self-leveling – meaning that it is permitted to generate only enough to operate the agency – and the agency will exercise its authority to raise the funds necessary to cover the requested appropriations for FY2012-FY2013.

X. Summary

The agency and the industry face many challenges. It is the Commission's job to regulate a form of entertainment and recreation that is also a very large and complex business. It is the agency's mission to ensure that pari-mutuel racing is safe, honest and fair for all participants. Approval of the legislative appropriation request – baseline budget, rider authorization requests, and exceptional items – will allow the Commission to continue providing effective and efficient regulation of this industry.

Texas Racing Commission

Summary of 2012-13 Base Legislative Appropriations Request & 2011 Operating Budget Request

| By Revenue Type: | Revenue Collections | | | | | | Budget/LAR | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|--------------------|
| | Collected 2005 | Collected 2006 | Collected 2007 | Collected 2008 | Collected 2009 | Estimated 2010 | Projected 2011 | Projected 2012 | Projected 2013 |
| Cash Balance Carry Forward | 1,196,278 | 989,946 | 595,035 | 404,513 | 413,480 | 343,203 | 2,205,784 | 350,000 | 350,000 |
| Live Race Day Fees | 657,570 | 1,116,340 | 1,495,260 | 866,645 | 736,440 | 703,875 | 519,605 | 519,605 | 519,605 |
| Simulcast Race Day Fees | 812,940 | 1,031,675 | 911,360 | 964,590 | 898,650 | 999,360 | 892,460 | 892,460 | 892,460 |
| Greyhound Breakage | 132,385 | 118,316 | 107,006 | 1,055,000 | 1,155,000 | 1,180,000 | 1,265,000 | 1,265,000 | 1,265,000 |
| Annual License Fees (Active & Inactive) | | | | 1,750,812 | 1,766,848 | 1,368,218 | 1,734,851 | 1,305,725 | 1,079,114 |
| Outs | 1,375,289 | 2,066,591 | 825,230 | 808,775 | 794,057 | 763,550 | 758,825 | 725,000 | 725,000 |
| Occupational License Fees and Fines | 927,780 | 848,558 | 5,202,852 | 4,868,630 | 4,427,505 | 4,125,000 | 4,125,000 | 4,125,000 | 4,125,000 |
| ATB Program Pass Thru Fees | 5,418,494 | 5,200,613 | 89,167 | 43,975 | 40,218 | 37,000 | 29,950 | 30,000 | 30,000 |
| Other Revenue | 116,497 | 66,864 | | | | | | | |
| Account 597 - Racing Commission - GRD | \$10,637,233 | \$11,488,903 | \$10,976,722 | \$10,778,976 | \$9,833,568 | \$9,886,839 | \$12,069,960 | \$8,986,179 | \$8,974,333 |
| State of Texas General Revenue Fund | \$2,000,000 | | | | | | | | |
| Account 1 - State of Texas - GR | | | | | | | | | |
| TOTAL - ALL REVENUES | \$12,637,233 | \$11,498,903 | \$10,976,722 | \$10,778,976 | \$10,258,443 | \$11,754,166 | \$12,069,960 | \$8,986,179 | \$8,974,333 |
| Legislative Base Appropriations | | | | | | | | | |
| Legislative Base Appropriations | Expended 2006 | Expended 2006 | Expended 2007 | Expended 2008 | Expended 2009 | Estimated 2010 | Projected 2011 | Requested 2012 | Requested 2013 |
| A.1.1. License/Regulate Racetracks | 160,546 | 217,809 | 250,735 | 268,587 | 251,895 | 258,846 | 248,876 | 311,056 | 311,056 |
| A.2.1. Texas Bred Incentive Program | 5,418,494 | 5,418,494 | 5,418,494 | 5,389,159 | 5,389,619 | 5,389,619 | 5,392,611 | 4,900,000 | 4,900,000 |
| A.3.1. Supervise & Conduct Live Races | 1,236,659 | 798,978 | 869,110 | 821,224 | 829,374 | 1,031,326 | 991,767 | 717,948 | 717,948 |
| A.3.2. Monitor Licensee Activities | | | | | | | | | |
| A.4.1. Inspect & Provide Emergency Care | 718,438 | 432,578 | 428,602 | 433,536 | 437,982 | 395,766 | 390,831 | 316,729 | 304,964 |
| A.4.2. Administer Drug Test | | | | | | | | | |
| B.1.1. Occupational Licensing Program | 517,812 | 513,355 | 534,175 | 541,062 | 549,532 | 463,086 | 518,247 | 440,332 | 440,332 |
| B.1.2. Texas Online (Estimated) | | 23,258 | 23,250 | 23,250 | 23,250 | 23,250 | 23,250 | 23,250 | 23,250 |
| C.1.1. Monitor Wagering & Audit | 624,721 | 479,493 | 456,178 | 465,159 | 457,938 | 478,882 | 487,428 | 444,699 | 444,699 |
| C.1.2. Wagering Compliance Inspections | | | | | | | | | |
| D.1.1. Central Administration | 813,754 | 798,995 | 804,772 | 769,350 | 760,698 | 805,365 | 805,654 | 724,247 | 724,247 |
| D.1.2. Information Resources | 265,041 | 275,378 | 315,898 | 415,428 | 386,349 | 451,170 | 448,512 | 387,672 | 387,672 |
| Total Base Appropriations: | \$ 9,755,465 | \$ 9,900,005 | \$ 10,050,717 | \$ 10,245,647 | \$ 10,177,270 | \$ 10,148,402 | \$ 10,148,401 | \$ 8,369,766 | \$ 8,369,765 |
| Legislative Rider Appropriations | | | | | | | | | |
| New Horse Racetrack Operating Cost | - | - | - | - | - | - | - | - | - |
| Inactive/Active Greyhound Operating Cost | - | - | - | - | - | - | - | - | - |
| New Racetrack Texas Bred Incentive Prgm | 2,000,000 | | | | | | | | |
| General Revenue and Supplemental | | | | | | | | | |
| Total Rider Appropriations: | \$ 2,000,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Lapsed Appropriations | | | | | | | | | |
| Estimated Lapses | \$ (563,545) | \$ (234,985) | \$ (327,303) | \$ (942,841) | \$ (1,987,383) | \$ (1,678,521) | \$ (1,371,331) | \$ - | \$ - |
| Total Estimated Lapses | \$ (563,545) | \$ (234,985) | \$ (327,303) | \$ (942,841) | \$ (1,987,383) | \$ (1,678,521) | \$ (1,371,331) | \$ - | \$ - |
| Total Base Appropriations | | | | | | | | | |
| | \$ 11,191,920 | \$ 9,665,020 | \$ 9,723,414 | \$ 9,302,806 | \$ 8,614,762 | \$ 8,469,881 | \$ 8,777,070 | \$ 9,005,403 | \$ 9,005,402 |

III.C.7

| Object-of-Expense Informational Listings | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|------------------------|------------------------|
| | Expended 2005 | Expended 2006 | Expended 2007 | Expended 2008 | Expended 2009 | Estimated 2010 | Projected 2011 |
| <u>Object-of-Expense for Base Appropriations</u> | | | | | | | |
| Salaries & Wages | 3,287,161 | 3,563,471 | 3,698,915 | 3,796,297 | 3,696,109 | 3,867,095 | 3,902,876 |
| Other Personnel Costs | 188,650 | 128,020 | 148,720 | 142,540 | 165,020 | 184,194 | 139,400 |
| Professional Fees & Services | 116,178 | 75,000 | 86,593 | 183,242 | 164,721 | 201,000 | 177,000 |
| Consumable Supplies | 29,400 | 38,300 | 28,695 | 29,938 | 27,750 | 28,000 | 28,725 |
| Utilities | 28,250 | 26,550 | 22,500 | 22,900 | 24,500 | 26,500 | 26,500 |
| Travel | 187,646 | 188,355 | 204,390 | 228,878 | 257,817 | 265,450 | 269,550 |
| Rent-Building | 169,750 | 129,097 | 105,314 | 108,013 | 108,014 | 108,014 | 108,014 |
| Rent-Machine & Other | 15,000 | 13,750 | 13,500 | 16,500 | 15,900 | 14,500 | 14,500 |
| Other Operating Expense | 272,479 | 282,687 | 291,346 | 292,840 | 292,440 | 328,500 | 331,425 |
| Grants | 5,418,494 | 5,418,494 | 5,418,494 | 5,389,159 | 5,389,659 | 5,092,611 | 4,125,000 |
| Capital Expenditures | 42,457,00 | 36,281,00 | 32,250,00 | 35,340,00 | 35,340,00 | 32,538 | 33,800 |
| Total OOE for Base Appropriations: | \$ 9,755,465 | \$ 9,900,005 | \$ 10,050,717 | \$ 10,245,647 | \$ 10,177,270 | \$ 10,148,402 | \$ 8,369,766 |
| <u>Object-of-Expense for Rider Appropriations</u> | | | | | | | |
| Salaries & Wages | - | - | - | - | - | - | 234,300 |
| Travel | - | - | - | - | - | - | 44,300 |
| Grants | 2,000,000 | - | - | - | - | - | 332,037 |
| Capital Expenditures | - | \$ 2,000,000 | \$ - | \$ - | \$ - | \$ - | 25,000 |
| Total OOE for Rider Appropriations: | \$ 11,191,920 | \$ 9,665,020 | \$ 9,723,414 | \$ 9,282,806 | \$ 8,614,762 | \$ 8,469,881 | \$ 9,005,403 |
| <u>Object-of-Expense Estimated Lapse</u> | | | | | | | |
| Operating Budget | (399,432) | (77,104) | (111,661) | (442,312) | (946,442) | (678,521) | (371,331) |
| Texas Bred Incentive Program | (164,113) | (157,881) | (215,642) | (520,529) | (1,040,941) | (1,000,000) | (1,000,000) |
| Total OOE for Estimated Lapses: | \$ (563,545) | \$ (234,985) | \$ (327,303) | \$ (962,841) | \$ (1,987,383) | \$ (1,678,521) | \$ (1,371,331) |
| <u>Total Object-of-Expense</u> | | | | | | | \$ 9,005,402 |
| <u>Unappropriated Operating Expenses by Type:</u> | | | | | | | |
| OASI Match | 243,423 | 257,583 | 272,389 | 261,134 | 259,731 | 295,111 | 299,429 |
| Group Insurance | 296,896 | 326,270 | 341,330 | 328,637 | 319,532 | 330,443 | 335,257 |
| State Retirement | 188,046 | 211,228 | 223,379 | 212,376 | 206,904 | 246,182 | 251,736 |
| Benefit Replacement | 28,228 | 31,858 | 30,400 | 29,577 | 25,757 | 40,389 | 40,980 |
| ERS Retiree Insurance | 36,955 | 57,587 | 64,565 | 71,152 | 87,810 | 102,024 | 100,000 |
| SWCAP GR Reimbursement | 29,542 | 24,842 | 29,805 | 19,487 | 31,960 | 48,451 | 55,000 |
| Unemployment Cost | 2,360 | - | 1,368 | 18,795 | 3,853 | 15,902 | 20,000 |
| Other | - | - | - | - | - | - | - |
| <u>Total Unappropriated Operating Expenses</u> | \$ 825,451 | \$ 909,368 | \$ 963,236 | \$ 941,158 | \$ 935,546 | \$ 1,078,502 | \$ 1,102,401 |
| <u>TOTAL - ALL EXPENDITURES</u> | \$ 12,017,371 | \$ 10,574,388 | \$ 10,686,650 | \$ 10,223,964 | \$ 9,550,308 | \$ 9,548,383 | \$ 9,879,471 |
| <u>OPERATING SURPLUS / (DEFICIT)</u> | \$619,862 | \$924,515 | \$290,072 | \$555,012 | \$708,135 | \$2,205,784 | \$2,190,489 |
| <u>Full-Time-Equivalent Positions Information</u> | | | | | | | |
| FTE Breakdown | | | | | | | |
| Authorized by Base Appropriations | Actuals 2005 81.4 | Actuals 2006 77.9 | Actuals 2007 77.9 | Actuals 2008 76.6 | Actuals 2009 76.8 | Estimated 2010 75.5 | Projected 2011 75.5 |
| Authorized by Rider Appropriations | - | - | - | - | - | - | 61.3 |
| Lapsed/Estimated Lapse of FTEs | (7.2) | (9.3) | (6.9) | (8.8) | (12.5) | (8.8) | 5.0 |
| Total FTE's Available | 74.2 | 68.6 | 71.0 | 67.8 | 64.3 | 66.7 | 66.3 |

| | Full-Year Appropriations | Actuals 2005 | Actuals 2006 | Actuals 2007 | Actuals 2008 | Actuals 2009 | Estimated 2010 | Projected 2011 | Requested 2012 | Requested 2013 |
|------------------------------------|--------------------------|----------------------|----------------------|----------------------|----------------------|------------------------|------------------------|------------------------|------------------------|--------------------|
| FTE Breakdown | | | | | | | | | | |
| Authorized by Base Appropriations | Actuals 2005 81.4 | Actuals 2006 77.9 | Actuals 2007 77.9 | Actuals 2008 76.6 | Actuals 2009 76.8 | Estimated 2010 75.5 | Projected 2011 75.5 | Requested 2012 61.3 | Requested 2013 61.3 | |
| Authorized by Rider Appropriations | - | - | - | - | - | - | - | 5.0 | 5.0 | |
| Lapsed/Estimated Lapse of FTEs | (7.2) | (9.3) | (6.9) | (8.8) | (12.5) | (8.8) | (3.0) | - | - | |
| Total FTE's Available | 74.2 | 68.6 | 71.0 | 67.8 | 64.3 | 66.7 | 72.5 | 66.3 | 66.3 | |
| | | | | | | | | | | 7/30/2010; 3:03 PM |

III.C.8

Texas Racing Commission

Summary of 2012-13 Base Legislative Appropriations Request & 2011 Operating Budget Request

| Exceptional Item Appropriation By Strategy | | Exceptional Item Request by Strategy | | FTE's | | Requested 2013 | |
|---|-------------------------------------|---|-------------------|---|----------------|---|-------------------|
| | | FTE's | Requested 2012 | FTE's | Requested 2013 | FTE's | Requested 2013 |
| A.1.1. | License/Regulate Racetracks | - | 17.248 | - | - | 17.248 | |
| A.2.1. | Texas Bred Incentive Program | 0.7 | 56,841 | 0.7 | 56,841 | 0.7 | 56,841 |
| A.3.1. | Supervise & Conduct Live Races | 0.2 | 14,093 | 0.2 | 14,093 | 0.2 | 14,093 |
| A.3.2. | Monitor Licensee Activities | 0.2 | 16,682 | 0.2 | 16,682 | 0.2 | 16,682 |
| A.4.1. | Inspect & Provide Emergency Care | 0.3 | 24,044 | 0.3 | 24,044 | 0.3 | 24,044 |
| A.4.2. | Administrator Drug Test | 0.2 | 302,926 | 0.2 | 302,926 | 0.2 | 302,926 |
| B.1.1. | Occupational Licensing Program | - | - | - | - | - | - |
| B.1.2. | Texas OnLine ^(Estimated) | 0.2 | 13,756 | 0.2 | 13,756 | 0.2 | 13,756 |
| C.1.1. | Monitor Wagering & Audit | - | - | - | - | - | - |
| C.1.2. | Wagering Compliance Inspections | - | - | - | - | - | - |
| D.1.1. | Central Administration | - | - | - | - | - | - |
| D.1.2. | Information Resources | - | - | - | - | - | - |
| Total Base Appropriations: | | 1.8 | \$ 445,591 | | | 1.8 | \$ 445,591 |
| <hr/> | | | | | | | |
| Rider Revisions | | Object-of-Expense Informational Listings | | Object-of-Expense Informational Listings | | Object-of-Expense Informational Listings | |
| Rider # 3: Limitation on Travel Reimbursement | | Requested 2012 | | Requested 2012 | | Requested 2013 | |
| Rider # 6: Criminal History & Background Checks | | - | | - | | - | |
| New Rider: New racetrack Application | | - | | - | | - | |
| Total Rider Appropriations: | | \$ - | | \$ - | | \$ - | |
| <hr/> | | | | | | | |
| Total Legislative Appropriations | | 1.80 | \$ 445,591 | | | 1.80 | \$ 445,591 |
| <hr/> | | | | | | | |
| Object-of-Expense for Exceptional Item Request | | Object-of-Expense Informational Listings | | Object-of-Expense Informational Listings | | Object-of-Expense Informational Listings | |
| Salaries & Wages | | Requested 2012 | | Requested 2012 | | Requested 2013 | |
| Other Personnel Costs | | - | | - | | - | |
| Professional Fees & Services | | - | | - | | - | |
| Consumable Supplies | | - | | - | | - | |
| Utilities | | - | | - | | - | |
| Travel | | 44,800 | | 44,800 | | 44,800 | |
| Rent- Building | | - | | - | | - | |
| Rent- Machine & Other | | - | | - | | - | |
| Other Operating Expense | | - | | - | | - | |
| Grants | | 292,331 | | 292,331 | | 292,331 | |
| Capital Expenditures | | 17,248 | | 17,248 | | 17,248 | |
| Total OOE for Base Appropriations: | | \$ 445,591 | | \$ 445,591 | | \$ 445,591 | |
| <hr/> | | | | | | | |
| Object-of-Expense for Rider Revisions | | Full-Time-Equivalent Positions Information | | Full-Time-Equivalent Positions Information | | Full-Time-Equivalent Positions Information | |
| Salaries & Wages | | - | | - | | - | |
| Travel | | - | | - | | - | |
| Grants | | - | | - | | - | |
| Capital Expenditures | | - | | - | | - | |
| Total OOE for Rider Appropriations: | | \$ 445,591 | | \$ 445,591 | | \$ 445,591 | |
| <hr/> | | | | | | | |
| FTE Breakdown | | Requested 2012 | | Requested 2012 | | Requested 2013 | |
| From Exceptional Item Request | | 1.8 | | 1.8 | | 1.8 | |
| From Rider Revision Request | | - | | - | | - | |
| Total FTE's Available | | 1.8 | | 1.8 | | 1.8 | |

Texas Racing Commission

Summary of 2012-13 Total Legislative Appropriations Request & 2011 Operating Budget Request

Total Legislative Appropriations

| | <u>Expenditure 2006</u> | <u>Expenditure 2006</u> | <u>Expenditure 2007</u> | <u>Expenditure 2007</u> | <u>Expenditure 2008</u> | <u>Expenditure 2008</u> | <u>Expenditure 2009</u> | <u>Expenditure 2009</u> | <u>Estimated 2010</u> | <u>Projected 2011</u> | <u>Requested 2012</u> | <u>Budget/LAR</u> |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-----------------------|-----------------------|-----------------------|-------------------|
| <u>Legislative Appropriations By Strategy</u> | | | | | | | | | | | | |
| A.1.1. License/Regulate Racetracks | 160,546 | 217,809 | 250,735 | 268,587 | 251,895 | 258,846 | 248,876 | 248,876 | 311,056 | 311,056 | 311,056 | |
| A.2.1. Texas Bred Incentive Program | 5,418,494 | 5,418,494 | 5,418,494 | 5,389,159 | 5,389,619 | 5,092,611 | 5,082,611 | 4,142,248 | 4,142,248 | 4,142,248 | 4,142,248 | |
| A.3.1. Supervise & Conduct Live Races | 1,236,659 | 799,978 | 868,110 | 821,224 | 829,374 | 1,031,326 | 991,767 | 774,789 | 774,789 | 774,789 | 774,789 | |
| A.3.2. Monitor Licensee Activities | - | 425,635 | 420,077 | 446,617 | 435,947 | 392,291 | 400,031 | 319,058 | 319,058 | 319,058 | 319,058 | |
| A.4.1. Inspect & Provide Emergency Care | 718,438 | 432,578 | 428,802 | 433,536 | 437,982 | 395,766 | 390,831 | 333,411 | 333,411 | 333,411 | 333,411 | |
| A.4.2. Administer Drug Test | - | 314,107 | 328,543 | 340,135 | 326,803 | 448,479 | 426,944 | 359,677 | 359,677 | 359,677 | 359,677 | |
| B.1.1. Occupational Licensing Program | 517,812 | 513,355 | 534,175 | 541,062 | 549,532 | 463,056 | 518,247 | 743,258 | 743,258 | 743,258 | 743,258 | |
| B.1.2. Texas Online <i>(Estimated)</i> | - | 23,258 | 23,250 | 23,250 | 23,250 | 23,250 | 23,250 | 23,250 | 23,250 | 23,250 | 23,250 | |
| C.1.1. Monitor Wagering & Audit | 624,721 | 479,493 | 456,178 | 465,159 | 457,938 | 478,892 | 487,428 | 458,455 | 458,455 | 458,455 | 458,455 | |
| C.1.2. Wagering Compliance Inspections | - | 200,925 | 199,983 | 332,140 | 327,883 | 307,330 | 314,250 | 238,235 | 238,235 | 238,235 | 238,235 | |
| D.1.1. Central Administration | 798,995 | 804,772 | 769,350 | 760,698 | 805,365 | 805,654 | 724,247 | 724,247 | 724,247 | 724,247 | 724,247 | |
| D.1.2. Information Resources | 265,041 | 275,378 | 315,998 | 415,428 | 386,349 | 451,170 | 448,512 | 387,672 | 387,672 | 387,672 | 387,672 | |
| Total Base Appropriations: | \$ 9,755,465 | \$ 9,900,005 | \$ 10,050,717 | \$ 10,245,647 | \$ 10,177,270 | \$ 10,148,402 | \$ 10,148,401 | \$ 8,815,357 | \$ 8,815,356 | \$ 8,815,357 | \$ 8,815,356 | |
| <u>Legislative Rider Appropriations</u> | | | | | | | | | | | | |
| New Horse Racetrack Operating Cost | - | - | - | - | - | - | - | - | - | - | - | |
| Inactive/Active Greyhound Operating Cost | - | - | - | - | - | - | - | - | - | - | - | |
| New Racetrack Texas Bred Incentive Program | 2,000,000 | - | - | - | - | - | - | - | - | - | - | |
| General Revenue and Supplemental | - | - | - | - | - | - | - | - | - | - | - | |
| Total Rider Appropriations: | \$ 2,000,000 | \$ - | \$ - | \$ - | \$ - | \$ 424,875 | \$ 424,875 | \$ - | \$ - | \$ 635,637 | \$ 635,637 | |
| Total Legislative Appropriations | \$ 11,755,465 | \$ 9,900,005 | \$ 10,050,717 | \$ 10,245,647 | \$ 10,602,145 | \$ 10,148,402 | \$ 10,148,401 | \$ 9,450,994 | \$ 9,450,993 | \$ 9,450,994 | \$ 9,450,993 | |

Object-of-Expense Informational Listings

| | <u>Expenditure 2006</u> | <u>Expenditure 2006</u> | <u>Expenditure 2007</u> | <u>Expenditure 2007</u> | <u>Expenditure 2008</u> | <u>Expenditure 2008</u> | <u>Expenditure 2009</u> | <u>Expenditure 2009</u> | <u>Estimated 2010</u> | <u>Projected 2011</u> | <u>Requested 2012</u> | <u>Budget/LAR</u> |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-----------------------|-----------------------|-----------------------|-------------------|
| <u>Object-of-Expense for Total Appropriations</u> | | | | | | | | | | | | |
| Salaries & Wages | 3,563,471 | 3,698,915 | 3,796,297 | 3,867,095 | 3,696,109 | 3,867,095 | 3,902,876 | 3,902,876 | 3,300,076 | 3,300,076 | 3,300,076 | |
| Other Personnel Costs | 188,650 | 128,020 | 148,720 | 142,540 | 165,020 | 184,194 | 139,400 | 135,440 | 135,440 | 135,440 | 135,440 | |
| Professional Fees & Services | 116,178 | 75,000 | 86,583 | 183,242 | 164,721 | 201,000 | 201,000 | 201,000 | 177,000 | 177,000 | 177,000 | |
| Consumable Supplies | 29,400 | 38,300 | 28,695 | 29,938 | 27,750 | 28,000 | 28,725 | 28,725 | 26,908 | 26,908 | 26,907 | |
| Utilities | 28,250 | 26,550 | 22,500 | 22,900 | 24,500 | 26,500 | 26,500 | 26,500 | 26,500 | 26,500 | 26,500 | |
| Travel | 187,646 | 188,355 | 204,390 | 228,878 | 237,817 | 265,450 | 269,550 | 269,550 | 234,115 | 234,115 | 234,115 | |
| Rent-Building | 169,750 | 125,097 | 105,314 | 108,013 | 108,014 | 108,014 | 108,014 | 108,014 | 108,014 | 108,014 | 108,014 | |
| Rent-Machine & Other | 15,000 | 13,750 | 13,500 | 16,500 | 15,900 | 14,500 | 14,500 | 14,500 | 14,500 | 14,500 | 14,500 | |
| Other Operating Expense | 272,479 | 283,687 | 291,346 | 292,840 | 292,440 | 328,500 | 331,425 | 331,425 | 616,756 | 616,756 | 616,756 | |
| Grants | 5,418,494 | 5,418,494 | 5,418,494 | 5,389,159 | 5,389,659 | 5,092,611 | 5,092,611 | 5,092,611 | 4,142,248 | 4,142,248 | 4,142,248 | |
| Capital Expenditures | 42,457 | 36,281 | 32,250 | 35,340 | 35,340 | 35,340 | 32,538 | 32,538 | 33,800 | 33,800 | 33,800 | |
| Total OOE for Base Appropriations: | \$ 9,755,465 | \$ 9,900,005 | \$ 10,050,717 | \$ 10,245,647 | \$ 10,177,270 | \$ 10,148,402 | \$ 10,148,401 | \$ 8,815,357 | \$ 8,815,356 | \$ 8,815,356 | \$ 8,815,356 | |
| <u>Object-of-Expense for Rider Appropriations</u> | | | | | | | | | | | | |
| Salaries & Wages | - | - | - | - | - | - | - | - | - | - | - | |
| Travel | - | - | - | - | - | - | - | - | - | - | - | |
| Grants | 2,000,000 | - | - | - | - | - | - | - | - | - | - | |
| Total OOE for Rider Appropriations: | \$ 2,000,000 | \$ - | \$ - | \$ 635,637 | \$ 635,637 | |
| Total Object-of-Expense for Appropriations | \$ 11,755,465 | \$ 9,900,005 | \$ 10,050,717 | \$ 10,245,647 | \$ 10,602,145 | \$ 10,148,402 | \$ 10,148,401 | \$ 9,450,994 | \$ 9,450,993 | \$ 9,450,994 | \$ 9,450,993 | |

Full-Time-Equivalent Positions Information

| | <u>Actuals 2006</u> | <u>Actuals 2006</u> | <u>Actuals 2007</u> | <u>Actuals 2008</u> | <u>Actuals 2009</u> | <u>Estimated 2010</u> | <u>Projected 2011</u> | <u>Requested 2012</u> | <u>Requested 2013</u> |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| FTE Breakdown | 81.4 | 77.9 | 77.9 | 76.6 | 76.8 | 75.5 | 75.5 | 63.1 | 63.1 |
| Authorized by Total Appropriations | - | - | - | - | - | - | - | 5.0 | 5.0 |
| Authorized by Rider Appropriations | - | - | - | - | - | - | - | - | - |
| Lapsed/Estimated Lapse of FTEs | (7.2) | (9.3) | (6.9) | (8.8) | (12.5) | (8.8) | (3.0) | - | - |
| Total FTE's Available | 74.2 | 68.6 | 71.0 | 67.8 | 64.3 | 66.7 | 72.5 | 68.1 | 68.1 |

III.C.10

Texas Racing Commission Legislative Appropriations Request
Summary of Exceptional Items Request for FY 2012-2013
82nd Regular Session

| Priority | Item | FY 2012 | | FY 2013 | | Biennium Total |
|----------------------------------|--|------------------|--------------|------------------|--------------|-----------------------|
| | | Request | FTE's | Request | FTE's | |
| 1 | Greyhound Live Performances Beyond Base Estimates Rider | \$60,937 | 0.8 | \$60,937 | 0.8 | \$121,874 |
| | <u>Justification:</u> This request would give the agency additional appropriation authority and FTE's to staff and regulate live greyhound performances granted, if any, beyond the estimated live performances included within the base appropriation authority and the inactive greyhound racetrack rider. | | | | | |
| 2 | Horse Live Race Days Beyond Base Estimates Rider | \$92,323 | 1.0 | \$92,323 | 1.0 | \$184,646 |
| | <u>Justification:</u> This request would give the agency additional appropriation authority and FTE's to staff and regulate live horse race days granted, if any, beyond the estimated live horse race days included within the base appropriation authority and the new horse racetracks rider. | | | | | |
| 3 | Live and Simulcast Race Calendar Estimates | \$0.0 | 0.0 | \$0.0 | 0.0 | \$0.0 |
| | <u>Justification:</u> This request would establish the live and simulcast race day estimates in each fiscal year of the biennium for which the base appropriation authority to staff and regulate three greyhound racetracks conducting 328 performances of live racing and 937 days of simulcast racing, and four horse racetracks conducting 223 days of live racing and 1,295 days of simulcast racing in each fiscal year of the 2012-2013 biennium. | | | | | |
| 4 | Criminal History Checks and Background Checks | \$292,331 | 0.0 | \$292,331 | 0.0 | \$584,662 |
| | <u>Justification:</u> Since 1996, DPS has invoiced the agency for processing fingerprints for renewal applicants only at a rate of \$15. This methodology has been the basis for the agency's appropriations request each biennium (FY2010-11 – \$50,000). However, DPS is now invoicing the agency for all applicants' fingerprints processed, both renewal and new, at a rate of \$34.95, \$15 for DPS processing and \$19.95 for FBI processing. | | | | | |
| New Appropriation Request | | \$445,591 | 1.8 | \$445,591 | 1.8 | \$891,182 |

3.B. Rider Revisions and Additions Request

| Agency Code: | Agency Name: | Prepared By: | Date: | Request Level: | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--------------------------------|-------------------------|--|-----------|----------------|-------|-------|-------|-------|-------|-------|----|----|----------|----------|----|----|---|---|--------|--------|-----|-----|-----|-----|--------|--------|----|----|--|--|--|
| 476 | Texas Racing Commission | Shelley Harris-Curtisnger | 7/28/2010 | Base | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Proposed Rider Language | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 | VIII-56 & VIII-57 | <p>Performance Measure Targets. The following is a listing of the key performance target levels for the Racing Commission. It is the intent of the Legislature that appropriations made by this ACT be utilized in the most efficient and effective manner possible to achieve the intended mission of the Racing Commission. In order to achieve the objectives and service standards established by this Act, the Racing Commission shall make every effort to attain the following designated key performance target levels associated with each item of appropriation.</p> <table> <thead> <tr> <th>2012</th> <th>2013</th> </tr> </thead> <tbody> <tr> <td>95.0%</td> <td>95.0%</td> </tr> <tr> <td>95.0%</td> <td>95.0%</td> </tr> <tr> <td>0.35%</td> <td>0.35%</td> </tr> <tr> <td>79</td> <td>79</td> </tr> <tr> <td>\$30,770</td> <td>\$30,770</td> </tr> <tr> <td>10</td> <td>10</td> </tr> <tr> <td>3</td> <td>3</td> </tr> <tr> <td>12,500</td> <td>12,500</td> </tr> <tr> <td>147</td> <td>147</td> </tr> <tr> <td>200</td> <td>200</td> </tr> <tr> <td>50,000</td> <td>50,000</td> </tr> <tr> <td>15</td> <td>15</td> </tr> </tbody> </table> <p>A Goal: Enforce Racing Regulation Outcome (Results/Impact): Percentage of Investigations (Individuals) Resulting in Disciplinary Action Percentage of Licensees with No Recent Violations Percentage of Race Animals Injured or Dismissed from the Racetrack A.1. Strategy: LICENSE/REGULATE RACETRACKS Output (Volume): Number of Racetrack Inspections Efficiencies: Average Regulatory Cost Per Racetrack Explanatory: Number of Horse Tracks Regulated Number of Greyhound Tracks Regulated A.2.1. Strategy: TEXAS BREED INCENTIVE PROGRAM Output (Volume): Number of Texas Bred Awards A.3.1. Strategy: SUPERVISE & CONDUCT LIVE RACES Output (Volume): Number of Occupational Licenses Suspended or Revoked A.3.2. Strategy: MONITOR LICENSEE ACTIVITIES Output (Volume): Number of Investigations Completed A.4.1. Strategy: INSPECT & PROVIDE EMERGENCY CARE Output (Volume): Number of Race Animals Inspected Pre-race B Goal: Regulate Participation Outcome (Results/Impact): Average Time Required to Issue a New Occupational License (Minutes)</p> | 2012 | 2013 | 95.0% | 95.0% | 95.0% | 95.0% | 0.35% | 0.35% | 79 | 79 | \$30,770 | \$30,770 | 10 | 10 | 3 | 3 | 12,500 | 12,500 | 147 | 147 | 200 | 200 | 50,000 | 50,000 | 15 | 15 | | | |
| 2012 | 2013 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 95.0% | 95.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 95.0% | 95.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 0.35% | 0.35% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 79 | 79 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| \$30,770 | \$30,770 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10 | 10 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3 | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 12,500 | 12,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 147 | 147 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 200 | 200 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 50,000 | 50,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 15 | 15 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

3.B. Rider Revisions and Additions Request (continued)

| | | | |
|---|-------------------------|-------------------------|--|
| | | | |
| B.1.1. Strategy: OCCUPATIONAL LICENSING PROGRAM | | | |
| Output (Volume): Number of New Occupational Licenses Issued | 3,000 6,000 | 3,000 6,000 | |
| Number of Occupational Licenses Renewed | \$51.76 | \$51.76 | |
| Efficiencies: Average Regulatory Cost Per Licensee | 95.0% | 95.0% | |
| C Goal: Regulate Pari-Mutuel Wagering | | | |
| Outcome (Results/Impact): Percentage of Compliance Audits Passed | | | |
| C.1.1. Strategy: MONITOR WAGERING AND AUDIT | | | |
| Explanatory: Total Pari-Mutuel Handle (In Millions) | \$347.21 \$3,197,544 | \$336.79 \$3,101,617 | |
| Total Take to the State Treasury from Pari-Mutuel Wagering on | | | |
| Capital Budget. None of the funds appropriated above may be expended for capital budget items except as listed below. If a finding of fact is not issued by the Comptroller of Public Accounts to make the contingent appropriation specified in Rider 8, Contingent Appropriation: New Horse Racetracks and Accredited Texas Breed Program, available, the capital budget expenditure and transfer authority provided to the Racing Commission by Article IX, Section 14.03, Limitation on Expenditures – Capital Budget, of this act, only applies to \$32,538 in fiscal year 2012 and \$33,800 in fiscal year 2013 to purchase computer hardware and software. The amount shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in this provision as appropriations either for "Lease Payments to the Master Lease Purchase" or for other items with an "(MLPP)" notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to the provisions of Government Code §1232.103. Upon approval from the Legislative Budget Board, capital budgeted funds listed below under "Acquisition of Information Resource Technologies" may be used to lease information resources hardware and/or software versus the purchase of information resources hardware and/or software, if determined by commission management to be in the best interest of the State of Texas. | | | |
| Out of the GR Dedicated - Texas Racing Commission Account No. 597: | | | |
| a. Acquisition of Information Resource Technologies | | | |
| (1) Purchase Computer Hardware & Software | \$32,538 | \$33,800 | |
| (2) Rider 8 Contingency – Purchase Computer Hardware and Software | \$25,000 | \$25,000 | |
| Total Acquisition of Information Resource Technologies | \$57,538 | \$58,800 | |
| Total, Capital Budget | <u>\$57,538</u> | <u>\$58,800</u> | |
| | | | |

III.C.13

**3.B. Rider Revisions and Additions Request
(continued)**

| | | |
|---|--|--|
| 3 | VIII-57 | Limitation on Travel Reimbursement. Out of the funds appropriated above, not more than \$1,500 per Commissioner may be expended on out-of-state travel and not more than \$6,000 per Commissioner may be expended on in-state travel in each year of the biennium. |
| 4 | VIII-57 | Appropriation: Unexpended Balances. Unexpended balances remaining in Racing Commission Receipts as of August 31, 2012, 2010, are hereby appropriated for the fiscal year beginning September 1, 2012, 2010. |
| 5 | VIII-57 | Texas Bred Incentive Program Receipts. Amounts set aside by the Texas Racing Act for the Texas Bred Incentive Program are appropriated above in Strategy A.2.1, Texas Bred Incentive Program. |
| 6 | VIII-57 Exceptional Item: Priority # 5 | Criminal History Checks and Background Checks. Out of the funds appropriated above in Strategy B.1.1, Occupational Licensing Program, \$292,331 \$25,000 in fiscal year 2012-2010 and \$292,331 \$25,000 in fiscal year 2013-2011 are appropriated to the Racing Commission for the purpose of reimbursing the Department of Public Safety for costs incurred in conducting criminal history checks on Racing Commission occupational license applicants and occupational license renewal applicants or background checks on individuals seeking to transfer ownership interest in an existing racetrack license. Any additional revenue received from occupational license fees to cover the costs of criminal history checks or background checks is hereby appropriated to the Racing Commission for the purpose of reimbursing the Department of Public Safety. |
| 7 | VIII-58 | Texas Bred Incentive Program Awards. None of the funds appropriated above for Texas Bred Incentive Program Awards may be expended for payments to a member serving on the commission. The Racing Commission shall take all necessary steps to ensure compliance with this provision. |
| 8 | VIII-58 & VIII-59 | Contingency Appropriation for New Horse Racetracks. <ol style="list-style-type: none"> In addition to the amounts appropriated above, the Texas Racing Commission shall be appropriated out of funds collected by the agency and deposited to GR Dedicated-Texas Racing Commission Account No. 597 during each fiscal year of the 2012-13 2010-14 biennium, the following amounts for each new horse racetrack that begins operation for the first time during the biennium (estimated to be one new horse racetrack operating 30 days of live racing and 364 days of simulcast racing) contingent upon the Texas Racing Commission assessing fees sufficient to generate, during the 2012-13 2010-14 biennium, \$303,600 \$370,540 for fiscal year 2012-2010 and \$303,600 \$370,540 for fiscal year 2013-2011 for each new horse racetrack during the 2012-2013 2010-2014 biennium in excess of \$? \$10,148,402 in fiscal year 2012-2010 and \$? \$10,148,404 in fiscal year 2013-2014 (object codes 3188, 3189, 3190, 3193, 3194 and 3197) contained in the Comptroller of Public Accounts' Biennial Revenue Estimates for fiscal years 2012-2010 and 2013-2014: <ul style="list-style-type: none"> (a) \$88,561 in Strategy A.3.1, Supervise and Conduct Live Races; (b) \$66,893 in Strategy A.3.2, Monitor Licensee Activities; (c) \$48,200 in Strategy A.4.1, Inspect and Provide Emergency Care; (d) \$27,946 in Strategy A.4.2, Administer Drug Tests; (e) \$34,000 in Strategy B.1.1, Occupational Licensing Program; (f) \$38,000 in Strategy C.1.1, Monitor Wagering and Audit. |

Also, the "Number of Full-Time-Equivalents (FTE)" figure indicated above shall be increased by 5.0 FTE's in each fiscal year for each new horse racetrack that begins operations for the first time during the biennium contingent upon the Texas Racing Commission generating the amount of revenue indicated above for each

**3.B. Rider Revisions and Additions Request
(continued)**

| | | <p>new horse racetrack. The Texas Racing Commission upon completion of necessary actions to access or increase such additional revenue shall furnish copies of the Texas Racing Commissions' minutes and other information supporting the estimated revenues to be generated for the <u>2012-2013</u> 2010-11 biennium under the revised fee structure to the Comptroller of Public Accounts. If the Comptroller finds the information sufficient to support the projection of increased revenues, a finding of fact to that effect shall be issued and the contingent-appropriation shall be made available for the intended purpose.</p> <p>Also, contingent upon the Texas Racing Commission assessing fees to cover the costs of the regulation of each new horse racetrack, the Texas Racing Commission's Capital Budget authority shall be increased for the following item and by the following amounts.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; width: 60%;"></th><th style="text-align: center; width: 20%;"><u>2012</u></th><th style="text-align: center;"><u>2013</u></th></tr> </thead> <tbody> <tr> <td style="vertical-align: bottom;">Acquisition of Information Resource Technologies</td><td style="text-align: right; vertical-align: bottom;">\$25,000</td><td style="text-align: right; vertical-align: bottom;">\$25,000</td></tr> <tr> <td style="vertical-align: bottom;">(1) Purchase Computer Hardware & Software</td><td></td><td></td></tr> </tbody> </table> | | <u>2012</u> | <u>2013</u> | Acquisition of Information Resource Technologies | \$25,000 | \$25,000 | (1) Purchase Computer Hardware & Software | | |
|--|----------------------------------|---|--|-------------|-------------|--|----------|----------|---|--|--|
| | <u>2012</u> | <u>2013</u> | | | | | | | | | |
| Acquisition of Information Resource Technologies | \$25,000 | \$25,000 | | | | | | | | | |
| (1) Purchase Computer Hardware & Software | | | | | | | | | | | |
| | | <p>b. In addition to the amounts appropriated above in GR Dedicated Texas Racing Commission Account No. 597, the Texas Racing Commission shall be appropriated in Strategy A.2.1, Texas Bred Incentive Program, revenue set aside by the Texas Racing Act pursuant to VTCS, Article 179e, § 6.08 (j) for the Texas Bred Incentive Program that is collected by the agency from each new horse racetrack that begins operations for the first time during the <u>2012-13</u> 2010-11 biennium in an amount not to exceed \$332,037 from GR Dedicated-Texas Racing Commission Account No. 597 each year. Any appropriations from revenue collected by the agency from new horse racetracks for the Texas Bred Incentive Program during the <u>2012-13</u> 2010-11 biennium may be used only for that purpose and are not transferable to any other strategy.</p> | | | | | | | | | |
| | | <p>Contingency Appropriation: New Racetrack Application. All fees collected to cover the cost of the racetrack application process, in excess of \$15,000 in each fiscal year from GR Dedicated-Texas Racing Commission Account No. 597 (Object Code 3191) in the Comptroller's Biennial Revenue Estimate (estimated to be \$0 each fiscal year), are hereby appropriated to Strategy A.1.1, License/Regulate Racetracks. Any appropriations from revenue collected by the agency from new racetrack applications shall be used only for the racetrack application review process for those racetracks that have a scheduled hearing before the State Office of Administrative Hearing or the Texas Racing Commission during the <u>2012-13</u> 2010-11 biennium and are not transferable to any other strategy.</p> | | | | | | | | | |
| | VIII-58 | <p>Appropriation: Live and Simulcast Race Calendar Estimates The amounts appropriated above in GR Dedicated Texas Racing Commission Account No. 597 are estimated to support the Texas Racing Commissions regulatory programs and administration costs to cover three greyhound racetracks conducting 328 performances of live racing and 937 days of simulcast racing, and four horse racetracks conducting 223 days of live racing and 1295 days of simulcast racing in each fiscal year of the 2012-2013 biennium.</p> | | | | | | | | | |
| 9 | Article VIII | <p>Contingency Appropriation: Granting of Greyhound Racetrack Live Performances Beyond Estimates. In addition to the amounts appropriated above in GR Dedicated Texas Racing Commission Account No. 597, the Texas Racing Commission shall be appropriated in each fiscal year \$6,024 for each live greyhound performance, granted in accordance with the Texas Racing Act pursuant to VTCS, Article 179e, § 10.01, that</p> | | | | | | | | | |
| 10 | Exceptional Item: Priority #3 | <p>III.C.15</p> | | | | | | | | | |
| 11 | Article VIII | <p>Exceptional Item: Priority #1</p> | | | | | | | | | |

**3.B. Rider Revisions and Additions Request
(continued)**

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| <p>exceeds the estimates of live greyhound performances provided for in rider 10 (estimated to be \$60,937 each fiscal year) contingent upon the Texas Racing Commission assessing fees sufficient to generate, during the 2012-13 biennium, \$6,024 for each additional live greyhound performance granted that exceeds the estimates of live greyhound performances provided for in rider 10 in excess of . \$? in fiscal year 2012 and \$? in fiscal year 2013 (object codes 3188, 3189, 3190, 3193, 3194 and 3197) contained in the Comptroller of Public Accounts' Biennial Revenue Estimates for fiscal years 2012 and 2013:</p> <ul style="list-style-type: none"> (a) \$70, per additional live performance granted, in Strategy A.2.1, Texas Bred Incentive Program (b) \$2,420, per additional live performance granted, in Strategy A.3.1, Supervise and Conduct Live Races, (c) \$612, per additional live performance granted, in Strategy A.3.2, Monitor Licensee Activities, (d) \$895, per additional live performance granted, in Strategy A.4.1, Inspect & Provide Emergency Care; <p>Also, the "Number of Full-Time-Equivalents (FTE)" figure indicated above shall be increased by 0.1 FTE's for each live greyhound performance, granted in accordance with the Texas Racing Act pursuant to VTCS, Article 179e, § 10.01, that exceeds the estimates of live greyhound performances provided for in rider 10 in each fiscal year during the biennium contingent upon the Texas Racing Commission generating the amount of revenue indicated above for each additional live greyhound performance. The Texas Racing Commission upon completion of necessary actions to access or increase such additional revenue shall furnish copies of the Texas Racing Commission's minutes and other information supporting the estimated revenues to be generated for the 2012-2013 biennium under the revised fee structure to the Comptroller of Public Accounts. If the Comptroller finds the information sufficient to support the projection of increased revenues, a finding of fact to that effect shall be issued and the contingent appropriation shall be made available for the intended purpose.</p> <p>Contingency Appropriation: Granting of Horse Racetrack Live Race Days Beyond Estimates. In addition to the amounts appropriated above in GR Dedicated Texas Racing Commission Account No. 597, the Texas Racing Commission shall be appropriated in each fiscal year \$6,594 for each live horse race day granted in accordance with the Texas Racing Act pursuant to VTCS, Article 179e, § 8.01, that exceeds the estimates of live horse race days provided for in rider 8 and rider 10 (estimated to be \$92,323 each fiscal year) contingent upon the Texas Racing Commission assessing fees sufficient to generate, during the 2012-13 biennium, \$6,594 for each additional live horse race day granted that exceeds the estimates of live horse race days provided for in rider 8 and rider 10 in excess of . \$? in fiscal year 2012 and \$? in fiscal year 2013 (object codes 3188, 3189, 3190, 3193, 3194 and 3197) contained in the Comptroller of Public Accounts' Biennial Revenue Estimates for fiscal years 2010 and 2011:</p> <ul style="list-style-type: none"> (a) \$1,182, per additional live race day granted, in Strategy A.2.1, Texas Bred Incentive Program (b) \$2,332, per additional live race day granted, in Strategy A.3.1, Supervise and Conduct Live Races; (c) \$569, per additional live race day granted, in Strategy A.3.2, Monitor Licensee Activities; (d) \$1,192, per additional live race day granted, in Strategy A.4.1, Inspect & Provide Emergency Care; | <p>Article VIII</p> <p>12 Exceptional Item: Priority #2</p> <p>III.C.16</p> |
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3.B. Rider Revisions and Additions Request (continued)

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|--|--|---|
| | | <p>(e) \$439, per additional live race day granted, in Strategy A.4.2, Administer Drug Test;</p> <p>(f) \$411, per additional live race day granted, in Strategy B.1.1, Occupational Licensing Program; and</p> <p>(g) \$469, per additional live race day granted, in Strategy C.1.1, Monitor Wagering and Audit</p> <p>Also, the "Number of Full-Time-Equivalents (FTE)" figure indicated above shall be increased by 0.1 FTE's for each live horse race day, granted in accordance with the Texas Racing Act pursuant to VTCS, Article 179e, § 8.01, that exceeds the estimates of live horse race days provided for in rider 8 and rider 10 in each fiscal year during the biennium contingent upon the Texas Racing Commission generating the amount of revenue indicated above for each additional live horse race day. The Texas Racing Commission upon completion of necessary actions to access or increase such additional revenue shall furnish copies of the Texas Racing Commission's minutes and other information supporting the estimated revenues to be generated for the 2010-2011 biennium under the revised fee structure to the Comptroller of Public Accounts. If the Comptroller finds the information sufficient to support the projection of increased revenues, a finding of fact to that effect shall be issued and the contingent appropriation shall be made available for the intended purpose.</p> |
| | | |

Approved Reduction Amount

\$1,673,953

6.I. 10 Percent Biennial Base Reduction Options Schedule

| Agency Code: 476 | | Agency Name: Texas Racing Commission | | | | | | |
|------------------|--|---|------|-------------|---------------------|--|---------------------------------------|---|
| Rank | Reduction Item | Biennial Application of 10% Percent Reduction | | | | FTE Reductions (FY 2012-13 Base Request Compared to Budgeted 2011) | Revenue related reduction Impact? Y/N | Cumulative GR-related reduction as a % of Approved Base |
| | | Strat | Name | GR | GR-Dedicated | Federal | Other | All Funds |
| 1 | A.2.1. Texas Bred Incentive Program | | | | 1,000,000 | | | \$ 1,000,000 |
| 2 | A.1.1. License/Regulate Racetracks | | | | 76,800 | | | \$ 76,800 |
| 3 | A.3.1. Supervise & Conduct Live Races | | | | 114,479 | | | \$ 114,479 |
| 4 | B.1.1. Occupational Licensing | | | | 67,034 | | | \$ 67,034 |
| 5 | C.1.1. Monitor Wagering and Audit | | | | 244,713 | | | \$ 244,713 |
| 6 | D.1.2. Information Resources | | | | 170,927 | | | \$ 170,927 |
| 7 | | | | | | | | |
| 8 | | | | | | | | |
| 9 | | | | | | | | |
| 10 | | | | | | | | |
| 11 | | | | | | | | |
| 12 | | | | | | | | |
| | Agency Biennial Total | | | \$ - | \$ 1,673,953 | \$ - | \$ - | \$ 1,673,954 |
| | Agency Biennial Total (GR + GR-D) | | | | \$ 1,673,953 | | | 10.0% |

Rank / Name Explanation of Impact to Programs and Revenue Collections

1 Texas Bred Incentive Program

Of the total GR Dedicated reduction of \$1,673,953, \$1,000,000 or 60% consists of grants to the Texas Bred Incentive Program for encouraging the breeding and racing of animals in Texas. Of these funds, 2.0% is allocated for Equine Research at Texas A&M University, 9.8% is allocated for administration of the Texas Bred Incentive Program to the various Breed Registries recognized by the Texas Racing Act and 88.2% is allocated for awards to be issued to owners of Accredited Texas Bred greyhounds and horses.

2 License/Regulate Racetracks

Of the total GR Dedicated reduction of \$1,673,953, \$76,800 or 5% consists of the salaries and other personnel costs that support 1 FTE in strategy A.1.1. License/Regulate Racetracks. This reduction in staff is composed of 1 support staff to the general counsel.

3 Supervise & Conduct Live Races

Of the total GR Dedicated reduction of \$1,673,953, \$114,479 or 7% consists of salaries and other personnel costs that support 1 FTE in strategy A.3.1. Supervise & Conduct Live Races. This reduction in staff is composed of 1 State Judge position located at the greyhound race tracks. This reduction in workforce may require a legislative change.

4 Occupational Licensing

Of the total GR Dedicated reduction of \$1,673,953, \$67,034 or 4% consists of salaries and other personnel costs that support 3 FTE's in strategy C.1.1. This reduction in workforce will reduce the licensing techs at two race tracks by .5 FTE.

5 Monitor Wagering and Audit

Of the total GR Dedicated reduction of \$1,673,953, \$244,713 or 15% consists of salaries and other personnel costs that support 1.5 FTE's in strategy D.1.2. This reduction in workforce will not affect the agency's service population, however, it will affect the agency's ability to have an auditor onsite to oversee the pari-mutuel wagering at the race tracks.

6 Information Resources

Of the total GR Dedicated reduction of \$1,673,953, \$170,927 or 10% consists of salaries and other personnel costs that support 1.5 FTE's in strategy D.1.2. This reduction in workforce will not affect the agency's service population, however, it will affect the agency's response to information resource questions and programming for the agency's technology needs.